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LOAN PROGRAM OF CCC(OD), LCL36a,
COVERING 1944 CROP DRY EDIBLE BEANS

Reserve

I. Introduction

War Food Administration has authorized the making of loans on dry edible beans stored on farms in approved storage structures. The program will be administered through the facilities of the Office of Distribution, War Food Administration, as agent for Commodity Credit Corporation, hereinafter referred to as Commodity Credit Corporation (OD). The program will be administered locally by State and County Agricultural Conservation Committees.

II. General Description of the Program

- A. Eligible Beans. Eligible beans are beans of all classes produced in 1944 except Black-eye, Tepary, and Mixed, which have a moisture content of not more than 18 percent, and which, after deduction of foreign material, will contain not in excess of 10 percent of other defects.
- B. Eligible Producers. An eligible producer is any person, partnership, association, or corporation producing dry edible beans in 1944.
- C. Type of Loans. Loans will be made on a note-and-chattel-mortgage basis and may be satisfied by payment of the loan plus interest or by delivery of the beans to Commodity Credit Corporation (OD) at an assembly point specified by Commodity Credit Corporation (OD).
- D. Loan Rates. The loan rates shall be as follows:
- | | | |
|---|---------|--------------|
| U.S. No. 1 | \$5.50 | per 100 lbs. |
| U.S. No. 2 | \$5.35 | " " " |
| U.S. No. 3 | \$5.10 | " " " |
| U.S. Substandard | | |
| Damaged beans and contrasting classes totaling: . | | |
| 7% .. | \$4.975 | per 100 lbs. |
| 8% .. | \$4.85 | " " " |
| 9% .. | \$4.725 | " " " |
| 10% .. | \$4.60 | " " " |
- E. Determination of Quantity of Beans. Loans will be made in values expressed in cents per hundred pounds. The quantity of bulk beans stored in bins on farms will be determined by dividing the number of cubic feet in the

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General

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- Sheet 1 -

bin by 2.1 and multiplying the result by the percentage of sound whole beans as shown on the analysis of the sample.

In the event beans are stored in sacks on the farm, they will be sampled and weighed. The estimated tare weight of the sacks will be subtracted from the total weight and the result will be multiplied by the percentage of sound whole beans shown on the analysis of the sample.

To determine total loan value, multiply the quantity of sound whole beans determined in accordance with this paragraph E by the applicable loan rate specified in paragraph D.

- F. Eligible storage. Eligible storage will consist of farm bins and granaries which are of such substantial and permanent construction, as determined by the county AAA committee, as to afford safe storage of the beans for a period of one year, and permit effective fumigation for the destruction of insects and afford protection against animals, thieves, and weather. Beans stored in the States of Texas, Oklahoma, Louisiana, Arkansas, Mississippi, Alabama, Georgia, Florida, and South Carolina will not be eligible for loan.

Beans must have been stored for a sufficient time to insure safe storage prior to inspection for measurement, sampling, and sealing. Chattel mortgages must be executed and filed in accordance with the applicable State law. Where the borrower is a tenant, the expiration date of the lease must be given in the chattel mortgage, and if such date is prior to July 1, 1945 the landlord must execute the Consent for Storage in the chattel mortgage. The Consent for Storage agreement must also be executed by any other person or persons entitled to possession prior to July 1, 1945. A separate note and chattel mortgage must be submitted for beans stored on each quarter section of land.

- G. Liens. The loan collateral must be free and clear of all liens, or, if liens exist on the collateral, proper waivers must be secured from each lien holder. The names of the holders of all existing liens on the pledged or mortgaged beans, such as landlord, laborers, threshers, or mortgages, must be listed in the space provided in the chattel mortgage. The waiver and consent to mortgage the beans, the payment of the proceeds of the loan and the proceeds of the sale of the beans solely to the producer as contained in the chattel

mortgage, must be signed personally by all lien holders listed, or by their duly authorized agents; or, if a corporation, by an officer authorized to execute such instruments. The proceeds of the loan may be made payable to the producer and/or such other person as the producer may direct in the space provided on the note. County committees will determine that beans offered as collateral for a loan are not covered by previous real estate or other mortgages. The producer will be held personally liable for the amount of the loan and subject to the provisions of the United States Criminal Code for any fraudulent representation of fact made in the execution of the note and mortgage.

- H. Maturity and Interest Rate. Loans will be available through December 31, 1944 and will mature on demand, but in no event later than April 30, 1945. All loans will bear interest at the rate of 3 percent per annum.
- I. Source of Loans. Loans may be obtained through Regional Finance Offices of the Office of Distribution or any approved lending agency. Notes representing loans made through the Office of Distribution should indicate Commodity Credit Corporation as payee, show the address of, and be mailed to, the Regional Finance Office of the Office of Distribution serving the area. Notes representing loans made with other agencies should bear the name and address of the lending agency as payee.
- J. Lending Agencies. A lending agency is any bank, cooperative marketing association, or other corporation, partnership, or person making loans in accordance with these instructions which has executed the Contract to Purchase on 1940 CCC Form E, and which Contract to Purchase is in full effect and is on file with a regional office of Commodity Credit Corporation. Any Contract to Purchase filed with a regional office of Commodity Credit Corporation will have full effect with respect to loans on dry edible beans.
- K. Eligible Paper. For the purpose of the Contract to Purchase, eligible paper will consist of producers' notes secured by chattel mortgages for beans stored on the farm. Notes must be dated on, or subsequent to, August 1, 1944 and prior to January 1, 1945, and executed in accordance with these instructions, with State documentary revenue stamps affixed thereto where required by law. Notes executed by an administrator, executor, or trustee will be acceptable only where valid in law.

- L. Purchase of Eligible Paper. Commodity Credit Corporation (OD) will purchase, without recourse, notes evidencing loans from approved lending agencies. Notes held by lending agencies must be tendered to Commodity Credit Corporation (OD) for immediate or deferred purchase within 10 days of written request. The purchase price to be paid by Commodity Credit Corporation (OD) will be the outstanding face amount of such notes, plus accrued interest from the date of disbursement by the lending agency to the date of the payment of the purchase price at the rate of $1\frac{1}{2}$ percent per annum. Under the terms of the Contract to Purchase, lending agencies are required to report immediately on 1940 CCC Form F all repayments or collections on producers' notes held by them and to remit, with such report to Commodity Credit Corporation (OD), an amount equivalent to $1\frac{1}{2}$ percent per annum on the principal amount collected from the date of disbursement by the lending agency to the date of repayment. All notes, reports, and remittances, except service fees, with respect to loans on dry edible beans, will be sent to the appropriate Regional Finance Office of the Office of Distribution.
- M. Insurance. Commodity Credit Corporation (OD) will not require producers to insure beans placed under loan. In case of a total loss of collateral resulting from an external cause, with the exception of a loss caused by conversion, negligence, or vermin, Commodity Credit Corporation (OD) will mark the note "Paid" and return it to the borrower. In case of a partial loss of collateral resulting from an external cause, with the exception of a loss caused by conversion, negligence, or vermin, the note will be credited at the loan value plus interest for the number of pounds on which the loss occurred. No loss will be assumed if it is determined that there is fraudulent representation on the part of the borrower in connection with the loan.
- N. County Agricultural Conservation Committees. Loan forms will be furnished County Agricultural Conservation Committees. Pursuant to regulations issued by the War Food Administration, State and County Committees will determine or cause to be determined the quantity and grade of the bean collateral and the amount of the loan. All loan documents will be completed and approved by the County Committee, which will retain copies of all documents; provided, however, that the County Committee may formally designate certain employees of the County Association to execute such forms on behalf of the committee. In order to meet the cost of

local expenses, County Agricultural Conservation Committees will collect from the grower a service fee of two cents per 100 pounds with a minimum of \$3.00 on all loans. Fees will be forwarded by the Committees to Treasurer, Commodity Credit Corporation, Washington 25, D. C.

1. Routing of loan documents.

- (a) Loans made by an approved lending agency. The County Committee will attach securely to the original note a copy of "Special Instructions to Lending Agency". The original "producer's note", when signed by the producer and approved by the County Committee, will be transmitted to the designated payee together with the County office copy. The payee will stamp or write the date of disbursement of funds on both the original and county office copies and will return the county office copy to the appropriate county committee at regular intervals. The producer's copy will be retained in county office until the county office copy is returned. The county recorder's copy and county office copy of the "Chattel Mortgage" properly signed and acknowledged will be submitted to the county recording official by the county committee in order that the receipt of the recording official may be executed on the county office copy. The County Recorder's copy will be retained in the office of the County recording official and the County office copy will be filed in the County office with the producer's worksheet and copy of the note.

The County Committee will deliver to the producer a copy of the mortgage supplement. The 1943 Bean Mortgage Supplement will be used by changing "1943" to "1944", and "1944" to "1945", wherever they appear.

The yellow copies of all chattel mortgages will be forwarded daily to the appropriate Regional Finance Office of the Office of Distribution.

- (b) Loans made direct by CCC(OD). The County Committee will transmit the original and the county office copy of the "Producer's Note" and the yellow copy of the "Chattel Mortgage" direct to

the appropriate Regional Finance Office of OD. When payment is made, the date of disbursement of funds will be stamped on both the original and county office copies of the "Producer's Note", and the County office copies shall be returned to the appropriate County Committee at regular intervals. The producer's copy will be retained in the County office until the County office copy has been returned.

2. Record to be maintained by county committee.

The County Committee will maintain a daily record of loans certified. At the end of each month the committee will prepare a report showing number of loans, the total quantity of collateral and the total amount of the principal advanced on loans to the State office of AAA. The State office will prepare a State summary by counties in triplicate. The original of such report will be forwarded direct to the War Food Administration, Office of Distribution, Procurement and Price Support Branch, South Building, Washington 25, D. C. The first copy of the report will be forwarded to Regional Office of AAA. The regional finance office of OD shall furnish each county current advice of repayments on loans.

3. Signature Cards of Designated County Committeemen.

If it has not already done so, each County Committee will furnish the appropriate Regional Finance Office of OD promptly on 3x5" cards in duplicate the typed names followed by the manual signature of the committeeman or other person designated to approve loan documents for the County Committee. The State and County code number should be shown on the cards in the upper right hand corner, and immediately beneath the code numbers the name of the State and County should be shown.

0. Release of Collateral. A producer may obtain release of the collateral by paying to the lending agency of Commodity Credit Corporation (OD) (whichever holds the note) the principal amount of the note plus interest. If the note is held by an out-of-town lending agency or Commodity Credit Corporation (OD), the producer may request that the note be forwarded to a local bank for collection. In such cases the local bank should be instructed to return the note to the sender if payment is not effected within 15 days. All charges in connection with the collection of the note must be paid by

the producer. Upon repayment of a loan the County Agricultural Conservation Committee should be requested to release the mortgage by filing an instrument of release or by a margin release on the county records. On notes held by Commodity Credit Corporation (OD), all repayments or requests for return of notes for collections will be sent to the appropriate Regional Finance Office of the Office of Distribution.

- P. Examination of Loan Documents. Loan documents submitted for loans to be made to producers direct by CCC (OD) or to be purchased from lending agencies by CCC (OD) will be examined by the Program Contract Accounting Section of the appropriate Regional Finance Office in accordance with Finance Instruction 551.3, Section IV, Part A.
- Q. Accounting and Reporting. Accounting under the bean loan program will be performed by the Regional Finance Offices of OD in accordance with Finance Instruction 560.6, 561.6, 562.6, 563.6, and 564.6.

Reporting under the program will be in accordance with Finance Instruction 569.6.

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